



## 1995 SENATE BILL 547

February 14, 1996 - Introduced by Senators BUETTNER, WEEDEN, SCHULTZ, CLAUSING and SHIBILSKI, cosponsored by Representatives GREEN, HARSDORF, OLSEN, HANSON, BALDUS, MURAT, TURNER and R. YOUNG. Referred to Committee on Education and Financial Institutions.

1     **AN ACT** *to renumber and amend* 440.85; *to amend* 224.72 (5) (b) 1., 224.72 (7),  
2           440.72 (5) (b) 1. and 440.72 (7); and *to create* 440.85 of the statutes; **relating**  
3     **to:** the registration and regulation of certain nonprofit corporations as  
4           mortgage bankers, loan originators or loan solicitors.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a lender must register as a mortgage banker with the department of regulation and licensing (DORL) if the lender originates, sells or services loans and is not exempt from registration. Loan originators and loan solicitors must also register with DORL unless exempt from registration. A "loan" is defined as a loan secured by a lien or mortgage, or equivalent security interest, on real property.

The regulation of mortgage bankers, loan originators and loan solicitors by DORL under current law does all of the following: provides general standards of conduct which, if violated, could result in a revocation, suspension or limitation of the registration; requires the retention of certain records by mortgage bankers and loan solicitors; and requires the use of trust accounts for money deposited with mortgage bankers, loan originators or loan solicitors.

This bill exempts from regulation by DORL any mortgage banker, loan originator or loan solicitor that is a nonprofit corporation which provides services to low-income individuals if the services are directly related to housing assistance. The registration requirements of DORL continue to apply, except that such nonprofit corporations are exempt from additional registration requirements that apply to loan originators and mortgage bankers.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 224.72 (5) (b) 1. of the statutes, as affected by 1995 Wisconsin Act  
2 27, section 6592, is amended to read:

3           224.72 (5) (b) 1. Upon receiving a properly completed application for  
4 registration as a mortgage banker, the fee specified sub. (8) (b) and, except as  
5 provided in s. 224.85, satisfactory evidence of compliance with sub. (4), the  
6 department shall issue to the applicant a temporary certificate of registration as a  
7 mortgage banker. A temporary certificate of registration is valid for 6 months after  
8 the date of issuance.

9           **SECTION 2.** 224.72 (7) of the statutes, as affected by 1995 Wisconsin Act 27,  
10 section 6593, is amended to read:

11           224.72 (7) RENEWAL OF REGISTRATION. A loan originator, loan solicitor or  
12 mortgage banker shall renew a certificate of registration by submitting to the  
13 department a renewal application and the applicable renewal fee specified under  
14 sub. (8) (c) on or before the applicable renewal date specified under sub. (8) (c). An  
15 Except as provided in s. 224.85, an applicant for renewal of a certificate of  
16 registration as a mortgage banker shall, as part of the application, refile a bond that  
17 satisfies sub. (4) (b) or resubmit evidence that satisfies sub. (4) (a) or (c).

18           **SECTION 3.** 440.72 (5) (b) 1. of the statutes is amended to read:

19           440.72 (5) (b) 1. Upon receiving a properly completed application for  
20 registration as a mortgage banker, the fee specified in s. 440.05 (6) and, except as  
21 provided in s. 440.85, satisfactory evidence of compliance with sub. (4), the

1 department shall issue to the applicant a temporary certificate of registration as a  
2 mortgage banker. A temporary certificate of registration is valid for 6 months after  
3 the date of issuance.

4 **SECTION 4.** 440.72 (7) of the statutes is amended to read:

5 440.72 (7) RENEWAL OF REGISTRATION. A loan originator, loan solicitor or  
6 mortgage banker shall renew a certificate of registration by submitting to the  
7 department a renewal application and the applicable renewal fee specified under s.  
8 440.08 (2) (a) on or before the applicable renewal date specified under s. 440.08 (2)  
9 (a). ~~An~~ Except as provided in s. 440.85, an applicant for renewal of a certificate of  
10 registration as a mortgage banker shall, as part of the application, refile a bond that  
11 satisfies sub. (4) (b) or resubmit evidence that satisfies sub. (4) (a) or (c).

12 **SECTION 5.** 440.85 of the statutes is created to read:

13 **440.85 Applicability of subchapter to certain nonprofit corporations.**

14 Except for registration under s. 440.72 (1m), (2), (5) and (7) and discipline under s.  
15 440.77 (1) (a) and (4), this subchapter does not apply to a mortgage banker, loan  
16 originator or loan solicitor that is a nonprofit corporation organized under ch. 181  
17 that provides services to low-income individuals directly related to housing  
18 assistance.

19 **SECTION 6.** 440.85 of the statutes, as created by 1995 Wisconsin Act .... (this  
20 act), is renumbered 224.85 and amended to read:

21 **224.85 Applicability of subchapter to certain nonprofit corporations.**

22 Except for registration under s. ~~440.72~~ 224.72 (1m), (2), (5) and (7) and discipline  
23 under s. ~~440.77~~ 224.77 (1) (a) and (4), this subchapter does not apply to a mortgage  
24 banker, loan originator or loan solicitor that is a nonprofit corporation organized

1 under ch. 181 that provides services to low-income individuals directly related to  
2 housing assistance.

3 **SECTION 7. Effective date.** This act takes effect on the day after publication,  
4 except as follows:

5 (1) The treatment of section 224.72 (5) (b) 1. and (7) of the statutes and the  
6 renumbering and amendment of section 440.85 of the statutes take effect on July 1,  
7 1996, or on the day after publication, whichever is later.

8 (END)